Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

CONFIDENTIAL

PAGE 01 BONN 05736 311814Z
ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-08 PM-04 NRC-05 ERDA-05
AID-05 CEA-01 CIAE-00 DODE-00 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 USIA-06
OES-06 SP-02 SS-15 STR-04 ACDA-07 /104 W
----------011359Z 102964 /44
R 311645Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7046
INFO AMEMBASSY LISBON
DEPARTMENT TREASURY

C O N F I D E N T I A L BONN 05736

DEPARTMENT PASS DOC FOR MAJOR PROJECTS DIVISION

E.O. 11652: GDS
TAGS: EFIN, GW
SUBJECT: NUCLEAR POWER PLANT TO PORTUGAL

REF: (A) STATE 63959, (B) BONN 4607, (C) BONN 3941

1. WE ARE TOLD CONFIDENTIALLY THAT YESTERDAY THE INTER-MINISTERIAL HERMES COMMITTEE GAVE ITS PROFORMA APPROVAL TO KRAFTWERK UNION'S REQUEST FOR A HERMES EXPORT CREDIT GUARANTEE ON THE SALE OF A NUCLEAR POWER PLANT TO PORTUGAL. WE WERE ALSO INFORMED THAT THE DECISION HAD ACTUALLY BEEN MADE EARLIER DURING THE COURSE OF CABINET DISCUSSIONS ON THIS MATTER. CABINET DISCUSSION BECAME NECESSARY WHEN THE FINANCE AND ECONOMICS MINISTRIES WERE UNABLE TO AGREE ON WHETHER THE REQUEST SHOULD BE APPROVED.

2. IT NOW APPEARS THAT IF ALL OTHER FINANCING CAN BE PUT TOGETHER, THE FRG WILL SUPPLY A HERMES EXPORT CREDIT GUARANTEE FOR DM 570 MILLION OF THE TOTAL COSTS
CONFIDENTIAL

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PAGE 02 BONN 05736 311814Z

FOR THE PLANT OF DM 1.5-2.0 BILLION.

3. IN RESPONSE TO QUESTIONS RAISED IN REFTEL (A), THE NORMAL SINGLE PROJECT LIMIT OF DM 5 MILLION FOR EXPORT CREDIT GUARANTEES REFERS TO THE LIMIT FOR PORTUGAL. THE SINGLE PROJECT LIMITS ARE DETERMINED ON A COUNTRY-BY-COUNTRY BASIS. IN ADDITION, LIMITS ARE, AS IN THIS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

INSTANCE, ON OCCASION EXCEEDED. WE DO NOT CURRENTLY HAVE A BREAKOUT OF SINGLE PROJECT EXPORT CREDIT GUARANTEE LIMITS. (TURKEY, FOR EXAMPLE, IS ALSO IN THE DM 5 MILLION CLASS.)

4. THE INTER-MINISTERIAL HERMES COMMITTEE, WHICH IS COMPRISED OF REPRESENTATIVES OF THE ECONOMICS MINISTRY, THE FINANCE MINISTRY, HERMES AND THE FOREIGN OFFICE, APPROVES EACH HERMES GUARANTEE AND ALSO HAS THE RESPONSIBILITY FOR ESTABLISHING AND REVIEWING COUNTRY AND PROJECT LIMITS ON A REGULAR BASIS. ESTABLISHING LIMITS, WE ARE TOLD, ASSISTS THE FRG IN TWO WAYS. FIRST, IT REQUIRES CAREFUL EXAMINATION OF CONDITIONS IN INDIVIDUAL COUNTRIES IN ORDER TO MAKE AN ASSESSMENT OF HOW MUCH EXPOSURE THE FRG IS WILLING TO ACCEPT IN A COUNTRY BY INDIVIDUAL PROJECT AND SECOND, SINCE DEMANDS FOR HERMES GUARANTEES HAVE EXCEEDED AVAILABILITY IN RECENT YEARS, IT IS HELPFUL IN THE ALLOCATION PROCESS.
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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Concepts: EXPORT CREDIT GUARANTEES, NUCLEAR POWER PLANTS
Control Number: n/a
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Sent Date: 31-Mar-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
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Margaret P. Grafeld
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EO Systematic Review
22 May 2009
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